

UNIT 77 OPTIONS

_____ has satisfactorily completed on-the-job training in the Part or Parts of this Unit specified below.

Duty	Determine whether or not to exercise the option.
Conditions	Given a contract with an options clause and relevant market data.
Overall Standard(s)	Exercise an option within the time frame established in the contract and only when the option represents the most advantageous offer that in all likelihood would be available from the market.
Evaluator	Name _____
	Title _____
	Date _____

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DOCUMENTATION OF OJT ASSIGNMENT(S)
Description of Assignment:
Evaluation:
Completion Date:

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As needed, insert additional pages to record OJT assignments.

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Policies

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
5.001		The publicizing requirements of Part 5 are not applicable to modifications that are within the scope and under the terms of the contract.
5.202		No requirement to synopsise a contract action made under the terms of an existing contract that was previously synopsized in sufficient detail to comply with the requirements of 5.207 with respect to the current contract action.
9.405-1(b)		No extension of a contract's duration with suspended or debarred contractors.
17.200 and 17.201		Options.
17.207		Exercise of options.
52.217-6 through 9		Option clauses.

Other KSA's

1. Business Finance, Commercial Law, and Quantitative Analysis.
2. Knowledge of SF30 (or agency equivalent) and the OF 336.
3. Knowledge of the intent and meaning of the term "scope" and criteria for determining whether a proposed change is within a contract's scope.

Other Policies and References (Annotate As Necessary):

Exercising Options

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Tasks

Related Standards

1. Identify available options.	<p>1. Do not renew or extend a contract if the contractor is suspended, debarred, or proposed for debarment.¹</p> <p>Review all options prior to the established dates for exercising them, with sufficient leadtime to verify the need and research current market prices.</p>
2. Consult requiring activities to determine the need for additional supplies or services (or continuing the provision of services for a specified period of time) covered by the option.	2. Verify (1) that the requirement covered by the option fulfills an existing Government need and (2) the availability of funding for exercise of the option.
3. Determine whether a synopsis is required for the option.	3. Do not synopsise if the synopsis for the original contract provided sufficient detail on the existence of the option clause or if another synopsis exception applies (per FAR 5.202).
<p>4. Determine whether to exercise the option.</p> <p>Base the decision either on:</p> <ul style="list-style-type: none"> • A formal solicitation, or • Market research. 	<p>4. Exercise options if market research confirms that the option price would be lower than prices likely to be offered by other vendors or that the option otherwise represents the most advantageous offer, taking into consideration such factors as:</p> <ul style="list-style-type: none"> • Any economic price adjustment clause that affects the option price. • The need for continuity of operations. • Potential costs of disrupting operations. <p>Formally solicit offers from other vendors prior to exercising the option only when market research cannot provide such confirmation.</p>
5. Exercise option through written notice to the contractor.	5. Provide notice within the time period specified in the contract. In the notice, cite the option clause as authority for the action. If the option involves services subject to the Service Contract Act, also obtain a wage determination.

¹ FAC 90-23.

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Tasks

Related Standards

6. Prepare a written determination for the contract file.	6. The written determination should comply with the terms of the option and the requirements of FAR 17.207.
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